Washington, D.C. – Congressman Wally Herger (R-CA) today strongly criticized House passage of the Democrats' financial reform legislation as a missed opportunity to enact real reform. The measure, which now awaits final consideration in the Senate, does not address the root causes of the 2008 crisis in U.S. financial markets and will make credit more expensive and harder to access for American families and small businesses:

"Congress had an opportunity and responsibility to form a more stable and responsible financial system that ensures taxpayers never again have to come to the aid of failing Wall Street firms. Instead, Congressional Democrats made bailouts a permanent part of our financial system, failed to address the real causes of the financial crisis, and placed all hope of preventing another financial crisis in the hands of the same regulators who failed to see the last one coming.

"The Dodd-Frank bill failed at its most essential task - to end the era of 'too-big-to-fail.' Under the bill, large, government-favored firms will continue to operate with an explicit government backstop whether through emergency loans, federally-insured debt, or the fact that FDIC will rescue their creditors if things get rough. The lesson of Fannie Mae and Freddie Mac clearly demonstrate that private companies that have implicit government backing gain a competitive advantage over the rest of the market, take on excessive risk without worrying about the cost and leave taxpayers holding the bag when they fail. We should be guarding against this behavior, not enabling it. Democrats do not address two companies at the center of the meltdown, Fannie Mae and Freddie Mac, and instead allow them to continue business as usual – business that is costing taxpayers $145 billion dollars and counting.

Apparently, Congressional Democrats took their marching orders never to "let a serious crisis go to waste" to heart, as this bill is a sweeping invasion of government into the private market. The creation of a new consumer protection bureau with unlimited authority will result in consumers having fewer credit options that are all more expensive. It will also threaten the viability of small businesses and small banks that serve our communities, further putting at risk our struggling economic recovery. Unfortunately, this legislation is yet another example of House Democrats' efforts to empower government at the expense of individuals and free markets.

Hard-working families and small businesses should not be penalized for bad decisions made in Washington or on Wall Street, and they shouldn't have to pay for future bailouts. By failing to address the real issues at the core of our financial crisis, this legislation virtually guarantees that large firms will get bigger and that taxpayers will be left paying for bailouts down the road. Simply put, this legislation makes credit more expensive for consumers and punishes businesses without reducing the likelihood of future bailouts."